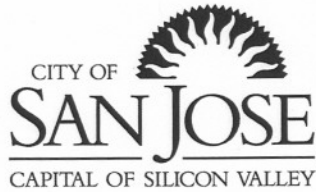


COUNCIL AGENDA: 3/14/06

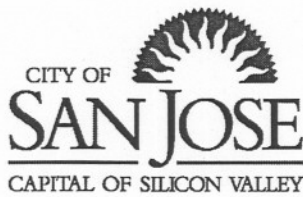
ITEM NO.: 2.15



OFFICE OF THE
CITY AUDITOR

**REPORT OF ACTIVITIES AND FINDINGS
FOR THE PERIOD
JANUARY 16 THROUGH FEBRUARY 15, 2006**

A REPORT TO THE SAN JOSE CITY COUNCIL



Office of the City Auditor
Gerald A. Silva, City Auditor

February 24, 2006

Honorable Members of the City Council
200 East Santa Clara Street
San Jose, CA 95113

In accordance with Charter Section 805(e), I am submitting a written report of the Office of the City Auditor's activities for the period of January 16 through February 15, 2006 and schedule of audit costs for January 2006.

The monthly report contains the following sections:

- Status of Assignments in Progress
- Summary of Audit Report Issued
- Other Activities
- Schedule of Audit Costs for January

If you need any additional information, please let me know.

Respectfully submitted,

Gerald A. Silva
City Auditor

GS:bh
Attachment

Office of the City Auditor
Status of Assignments in Progress as of February 15, 2006

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date*
Assignments Completed					
Review of Significant RFPs—Airport Integrated Systems RFP	N/A	N/A	Completed	N/A	February 2006
Grant Oversight	Completed	Completed	Completed	Completed	February 2006
Administration of the Investigation into the Grand Jury Report on Recycle Plus	N/A	N/A	N/A	N/A	December 2005
Workers' Compensation	Completed	Completed	Completed	Completed	December 2005
Environmental Services Department Laboratory	Completed	Completed	Completed	Completed	October 2005
The Fil-Am SODC, Inc.'s Cash Flow Analysis for the Operation of the Northside Community Center	N/A	N/A	Completed	Completed	October 2005, November 2005
Joint Memorandum with the Finance and ES Departments on Workers' Compensation Liability	N/A	N/A	Completed	Completed	October 2005
2005-06 Marked Patrol Sedan Budget Reduction	N/A	N/A	Completed	Completed	September 2005
Update on Northside Community Center Operations	N/A	N/A	Completed	Completed	September 2005
Quarterly Sales Tax Audit for Quarter Ended 6/30/05, 9/30/05	N/A	N/A	On-going	Completed	September 2005, January 2006
Police Patrol Vehicle Contingency	N/A	N/A	Completed	Completed	August 2005
Assignments In Progress					
Follow-up of Transport & Metered Equipment Audit Recommendations	N/A	N/A	In Progress		April 2006
San Jose Municipal Water System – Phase Two	Completed	Completed	Completed	In Progress	April 2006
Public Works Transportation Contract Cycle Times	Completed	Completed	Completed	In Progress	May 2006
Traffic Calming	Completed	Completed	Completed	In Progress	June 2006
Arena Management	Completed	Completed	In Progress		
TEAM San Jose	Completed	In Progress			
Purchase Card Utilization	Completed	In Progress			
Housing Rehabilitation	In Progress				
Assignments Not Yet Started					
Call Center Information and Referral Services					
Los Lagos Golf Course Operations and Finances					
Public Works Cost Estimation Process					
Vehicle Maintenance Procedures					
Specialized Vehicle Use					
A Comparison of the Real Estate Division & RDA Real Property Acquisition Process					
Risk Management					
Police Overtime					
Police & Fire Retirement Plan **					
Police Department Radio Channel Staffing **					
Information Technology**					
On-going Assignments					
Quarterly Sales Tax Audit					
Cardroom Audit Overview					
Audit Recommendation Follow-up Report					
Annual Financial Audit & Single Audit Overview					
Other Revenue Audits					
Petty Cash and Change Funds					
Information Systems Audits					
Fraud and Audit Hotline					

* Projected Issuance Dates are usually six weeks after Report Writing is completed to accommodate exit conferences, draft report revisions and a three week allowance for the administration to prepare a written response. For the Assignments Completed, the date shown is the actual month of report issuance.

** Deferred

AN AUDIT OF CITYWIDE GRANT OVERSIGHT

In accordance with the City Auditor's 2005-06 Audit Workplan, we have completed an audit of Citywide Grant Oversight. We conducted this audit in accordance with generally accepted government auditing standards and limited our work to those areas specified in the Audit Objectives, Scope, and Methodology section of this report.

Finding I Citywide Grant Administration Needs To Be More Centralized, Coordinated, And Consistently Applied

RECOMMENDATIONS

We recommend that the City Departments:

Recommendation #1 Develop a procedures manual to formally document the City's policies and procedures regarding grant oversight. (Priority 3)

We recommend that the Administration:

Recommendation #2 Develop a Citywide grant database to provide comprehensive grant information, facilitate better grant awarding decisions and grantee monitoring, and help ensure grantee compliance with grant requirements. (Priority 3)

We recommend that the Administration and City Attorney's Office:

Recommendation #3 Establish a City Manager's Office Grant Oversight Working Group to: 1) establish Citywide consistent policies and procedures; 2) establish specific training requirements for staff involved in grant management and monitoring; 3) establish criteria when audited financial statements are obtained and reviewed; 4) establish risk-based criteria for determining when more detailed audits, reviews, or monitoring are required; and 5) adopt consistent and reasonable grant agreement requirements related to grantee reporting. (Priority 3)

OTHER ACTIVITIES

During January 16, 2006 through February 15, 2006, the City Auditor:

1. Held an exit conference on our audit of Citywide Grant Oversight.
2. Issued *An Audit of Citywide Grant Oversight*.
3. Issued a memorandum regarding our review of the integrated systems for the Norman Y. Mineta International Airport RFP.
4. Held an entrance conference on our audit of the Housing Rehabilitation Program.
5. Met with Redevelopment Agency staff regarding potential future audits.
6. Submitted a 2006-07 budget reduction proposal in accordance with the Mayor's directive.
7. Met with City Manager's Office and Mayor's budget office staff regarding the City's master vendor file.
8. Made a presentation on Risk Assessment for the Arizona Society Of Certified Accountants in Phoenix, Arizona.
9. Participated in conference calls regarding the National Association of Local Government Auditors' (NALGA) and the National Intergovernmental Audit Forum (NIAF) 2006 conventions, which will be held in San Jose in May 2006.
10. Met with City Council Members regarding various audit assignments.

**OFFICE OF THE CITY AUDITOR
SCHEDULE OF AUDIT COSTS
FOR THE MONTH OF JANUARY 2006**

Audit Assignment	Audit Hours	Audit Costs	%¹
Vacation, Sick, and Other Leaves	704	\$53,960	34.1%
Holiday	408	31,272	19.8
Northside Community Center	166	12,724	8.0
Grant Oversight	160	12,264	7.8
Sales and Business License Taxes ²	201	8,618	5.4
City Purchase Cards	110	8,431	5.3
Contract Cycle Times	63	4,829	3.1
TEAM San Jose	61	4,676	3.0
San Jose Municipal Water System	59	4,522	2.9
Traffic Calming	56	4,292	2.7
General Services Vehicles	43	3,296	2.1
Alternative Service Delivery	36	2,759	1.7
Administrative	26	1,993	1.3
Jet Fuel	17	1,303	0.8
Revenue Audits	11	843	0.5
Norcal Investigation	11	843	0.5
Airport RFP	7	537	0.3
Arena Fees	6	460	0.3
Training	5	383	0.2
Recommendations Follow-Up	4	307	0.2
Totals	2,154	\$158,312	100.0%
Total Cost Per FMS	\$158,834		

¹ These may be slightly off because of rounding.

² Includes 109 intern hours.